

Title: Philips Industrial Development, Inc. vs. National Labor Relations Commission and Philips Employees Organization (FFW)

Facts:

Philips Industrial Development, Inc. (PIDI) is a company engaged in manufacturing and marketing electronic products and has had six collective bargaining agreements (CBAs) with the Philips Employees Organization (FFW) (PEO-FFW), a registered labor union representing PIDI's rank and file employees since 1971. These CBAs excluded different groups, including sales representatives, confidential employees, and security guards.

In the sixth CBA (1987-1989), the question of whether service engineers, sales personnel, and confidential employees should be included in the bargaining unit was to be settled through arbitration. In June 1987, PEO-FFW petitioned for arbitration before the Bureau of Labor Relations (BLR). As the parties did not agree on a voluntary arbitrator, the BLR referred the case to the Executive Labor Arbiter for compulsory arbitration (Case No. NLRC-NCR-00-11-03936-87).

Labor Arbiter Arthur Amansec ruled on March 17, 1988, that a referendum should determine the will of the service engineers and sales representatives, while confirming the exclusion of confidential employees from the bargaining unit. PEO-FFW appealed to the National Labor Relations Commission (NLRC), which reversed the decision on January 16, 1989, declaring that all these employees were part of the rank and file bargaining unit. Petitioner PIDI sought to set aside the NLRC's decision alleging grave abuse of discretion and citing historical CBA practices.

Issues:

1. Whether the NLRC committed grave abuse of discretion in including service engineers, sales representatives, and confidential employees within the existing bargaining unit.
2. Whether the Globe Doctrine should apply for the inclusion or exclusion determination of these employees.

Court's Decision:

The Supreme Court reinstated the Executive Labor Arbiter's decision and set aside the NLRC's ruling, deciding the following:

1. ****Inclusion of Confidential Employees****: The Court found that NLRC erred in including confidential employees in the bargaining unit. Confidential employees hold positions that expose them to highly sensitive and confidential company data and their duties align closely

with managerial roles. As such, the inclusion could lead to conflicts of interest, compromising the confidential nature of their work.

2. **Service Engineers and Sales Representatives**: The Court upheld the Executive Labor Arbiter's order for a referendum to determine the inclusion of service engineers and sales representatives in the bargaining unit. This procedure respects employees' constitutional rights to self-organization and unionization. However, these employees holding supervisory roles should form their own union as stipulated under the amended Article 245 of the Labor Code.

Doctrine:

1. **Confidential Employees Exclusion**: Confidential employees should be excluded from union membership because their roles inherently involve access to sensitive company information, similar to managerial employees.
2. **Right to Self-Organization**: Employees' right to form associations includes the right to decide union inclusion or exclusion through a referendum.

Class Notes:

- **Confidential Employees (Labor Relations)**: These employees are ineligible to join or assist in labor unions due to their access to sensitive information, which could lead to potential conflicts of interest.
- **Article 245 of the Labor Code**: Supervisory employees are not eligible for membership in a labor organization of rank-and-file employees but may form separate labor organizations.
- **Globe Doctrine** (NLRB v. Globe Machine & Stamping Co.): When determining the proper bargaining unit, the expressed will of the employees is a significant consideration.
- **Constitutional Rights**: The decision adheres to the principles that employees have the liberty to self-organize or refrain from joining a union.

Historical Background:

The case highlights the evolving interpretation and enforcement of labor rights, especially concerning the inclusion of certain employee categories in labor unions. The repeal and amendment of laws, particularly those affecting eligibility criteria for union membership, reflect ongoing legislative and judicial efforts to balance company interests with workers' rights. The decision demonstrates the judiciary's role in settling disputes arising from complex labor relations issues in the Philippines, particularly in multi-deal CBAs and evolving labor laws.